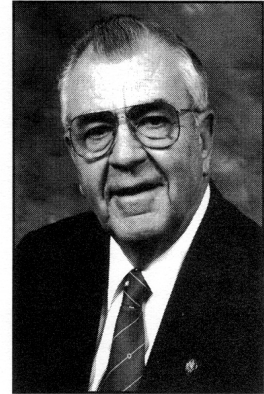


# **Congressman Herbert H. Bateman** *AMERICA'S FIRST DISTRICT — VIRGINIA* **News**



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## **OPENING STATEMENT** **THE HONORABLE HERBERT BATEMAN** **CHAIRMAN, SUBCOMMITTEE ON MILITARY READINESS**

This afternoon, the Subcommittee on Military Readiness is meeting to obtain a better understanding of current Department of Defense efforts to reengineer logistics functions to improve support for our forces and to achieve savings that are needed for modernization. An effective and efficient logistics program is a critical element in maintaining readiness because nearly one third of the entire defense budget is used for logistics support activities, which include weapon system maintenance, inventory management, and the distribution and transportation of military goods.

Last year, the DOD informed us of their Logistics Strategic Plan, which outlined the department's approach for logistics reengineering, claiming that by the end of fiscal year 2005 the department would have highly efficient, integrated logistics processes in place to improve support to combat forces. This new plan proposed that each of the military services would designate ten pilot logistics programs to test the use of best commercial practices in an effort to reduce costs and improve services. These 30 pilot programs are in addition to the approximately 400 individual initiatives already on-going throughout the military services and the DOD to improve logistics support. Also last year, the committee asked the General Accounting Office to review all of DOD's logistics reengineering initiatives focusing on the completeness of DOD's reengineering plans, the potential effect of reengineering efforts on combat forces, and what factors could limit the achievement of all of DOD's stated reengineering goals.

In responding to our mandate, GAO has reported that they believe: DOD has not developed an overarching plan that integrates the individual services efforts into a single department-wide implementation strategy; that it will be difficult to link results and savings to specific reengineering concepts; and that there may not be sufficient funds to adequately test and fully implement the reengineering concepts. Other concerns that have been brought to my attention include: what would be the effect of a large number of private contractors providing logistics support on the battlefield; would contractors be able to meet surge demands

(MORE)

of future military operations; and what would be the potential effect of outsourcing on the number of positions available to military personnel returning to the United States from overseas assignments or at-sea deployments. I am also interested in learning more about the impact that the use of sole-source, long-term contracts will have on anticipated reengineering savings, and how the department will manage their reengineering efforts within the confines of existing laws and regulations.

To help us better understand this issue, we will hear from two panels today. The first will be General Accounting Office personnel who have been deeply involved in this issue for a number of years, and the second will be Department of Defense and military services personnel who are recognized as resident experts in this area.

On our first panel today representing the General Accounting Office will be:

Mr. David Warren, Director  
Defense Management Issues  
National Security and International Affairs Division

Accompanied by:

Ms. Julia Denman, also from the National Security and  
International Affairs Division

Our second panel representing the Department of Defense and the military services will be:

Hon. Jacques S. Gansler  
Under Secretary of Defense  
Acquisition Technology and Logistics  
Department of Defense

Hon. Paul J. Hoeper  
Assistant Secretary of the Army for  
Acquisition, Logistics, and Technology  
Department of the Army

Ms. Ariane L. Whittemore  
Assistant Deputy Chief of Naval Operations for  
Logistics  
Department of the Navy

Mr. Ronald L. Orr  
Assistant Deputy Chief of Staff  
Installations and Logistics  
Department of the Air Force

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